DEC STD 130-0 Product/Program Business Plan: Content Requirements and Format Guidelines

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ABSTRACT: This standard describes the contents and format of Digital business plans.

APPLICABILITY: This standard applies to all product business plans, as specified in DEC STD 028-0 Phase Review Policy. The minimum requirements stipulated in this standard apply to all business plans and all items must be addressed in the plan.

STATUS: APPROVED 04-Sep-1992; use VTX SMC for current status.

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1 INTRODUCTION

This standard serves as a general outline for the preparation, structure, and format of business plans.

This standard applies to all business plans specified in *DEC STD 028-0 Phase Review Policy*, and applies to hardware, software, and service products.

This standard should be used in the development of business plans for programs and for individual products. Each organization must decide what aggregation of products or level of business planning best fits its needs.

The standard is not intended to be a mere collection of forms, but is intended to encourage the business plan writer to focus on the essential elements of the business proposal.

A glossary of financial abbreviations found in the text appears at the end of this standard.

1.1 PURPOSE OF THE BUSINESS PLAN

A business plan serves three purposes:

1. Provides essential financial information focused on evaluating and supporting the product or program investment decision.
2. Establishes metrics for measuring the success of the product, such as long-term internal rate of return (IRR) or strategic leverage of other products or programs, for management reporting purposes.
3. Provides planning and management information to enable other organizations to understand and evaluate the major impacts and requirements of the product or program.

The Business Plan should not be used as a substitute for ongoing effective communication among groups, but as an additional tool. Extra effort on the part of the program or product team should be made to seek out groups that may be affected by the program or product. Along with other groups who have shown interest during the Phase Review Process, key contributors include:

- Engineering
- Business Management
- Marketing
- Services
- Performance/Testing
- Legal
- Export
- Field Representatives

The Business Plan will address either a program or a specific product (software, hardware, service, or service for a specific hardware or software product):

- A Program Business Plan will include program-level and product-level information. Product-specific information should be detailed as under *Subhead 2.8.* Note that each

product covered by the program will require an iteration of the text of the appropriate topics under *Subhead 2.8*.

- A Product Business Plan will address product-specific information when no program-level business plan is developed. All sections of the standard business plan should be completed; if a section is inapplicable, a brief explanation should be provided.

Wherever appropriate, program and product managers should incorporate in their individual business plans:

- Descriptions or illustrations of how their efforts are tied to program or specific product efforts
- Instances where strategies overlap
- Linkages or dependencies to other products or programs

Business plans should be updated *only as needed*. However, all business plans should be reviewed by product or program teams on a quarterly basis.

1.2 STYLE OF THE BUSINESS PLAN

Clarity and quality of information are far more important than quantity; most good business plans should be no more than 20 to 25 pages, and many excellent plans are even shorter.

Use this standard as a template or guide for your business plan. Follow the format of the standard, but use only those sections that apply to your product, group of products, or business. If a specific section is not relevant or important for a particular plan, this must be stated and briefly explained in the plan. Note that numbering your plan consistently with this standard greatly eases the work of those who read large number of business plans (such as Product Management Committee [PMC] members).

The use of bullets, charts, and graphics is encouraged to simplify the presentation and comprehension of information.

DIGITAL CONFIDENTIAL must appear on the top and bottom of the business plan title page and the bottom of each subsequent page. Distribution of business plans should be on a strictly limited, need-to-know basis. Refer to *DEC STD 128-0 Security Classifications for Engineering Intellectual Property — Policy and Regulations* for more information on security classifications.

NOTE

A template for use in preparing DEC STD 130-compliant business plans is available, in ASCII format, in the SMC public area. This file can be copied with the command COPY JOKUR::PUBLIC:EL-00130-00-TEMPLATE.TXT.

2 BUSINESS PLAN CONTENTS

The following outline lists the contents of the Business Plan. The remainder of this standard describes the contents of each of these items.

BUSINESS PLAN OUTLINE

Cover Sheet
Table of Contents

1.0 Executive Summary

- 1.1 Management Commitments
- 1.2 Description of the Business
- 1.3 Market Opportunity
- 1.4 Competition
- 1.5 Product or Program Description
- 1.6 Deliverables
- 1.7 Risks and Issues

2.0 Project Team

3.0 Functional Plan Directory

4.0 Business Plan History

5.0 Market Strategy and Competition

- 5.1 Market Opportunity
- 5.2 Competition
- 5.3 Business Strategy and Success Factors
- 5.4 Announcement Plan
- 5.5 Associated Strategies
- 5.6 External Benchmarks and Metrics for Success

6.0 The Product

- 6.1 General Description
- 6.2 Product Positioning
- 6.3 Cost of Ownership
- 6.4 Packaging
- 6.5 Licensing
- 6.6 Product Configurations and Pricing
- 6.7 Substitution and Replacement Considerations
- 6.8 Service Delivery Strategy
- 6.9 Make/Buy Considerations
- 6.10 Risks and Open Issues

7.0 Financial Projections

- 7.1 Summary of Financial Analysis
- 7.2 Standard, One-page Financial Summary
- 7.3 Financial Assumptions
- 7.4 Channel and Platform Mix
- 7.5 Geographic Mix
- 7.6 Sensitivity or Scenario Analysis
- 7.7 Other Information

8.0 Requirements for End-of-Life

- 8.1 Justification for Phase-Down
- 8.2 Financial Performance versus Plan
- 8.3 Technical Performance versus Plan
- 8.4 Major Lessons Learned

2.1 COVER SHEET

The cover sheet should include the approvals appropriate for your organization. Minimum approvals include the business plan owner's manager (usually a product manager's manager), the business unit manager (product management manager), and the finance manager (controller). The following is an example of a cover page.

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DECwidget BUSINESS PLAN

Prepared by: P. M. Jones

Revision Number: 1.3

Date: August 31, 1992

Approvals:

Manager

Controller

Product Management Manager

Other

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2.2 TABLE OF CONTENTS

A table of contents is an essential aid to your reader.

2.3 EXECUTIVE SUMMARY (Section 1.0 of Business Plan)

This summary should enable the reader to quickly assess the viability of the business or product and its chances for commercial success. In addition, the reader should be given a clear indication of the product's importance to Digital's overall product strategy and expected financial return. The summary should be tailored to focus on the most important factors regarding the investment. Crisp conclusions are essential here; explanations should be included in the body of the business plan. One or two printed pages is the norm for an executive summary.

See the following template for an outline of the executive summary. This template includes the basic information needed in an executive summary. Examples are given for the information on Management Commitments; use the metrics that are right for your business.

EXECUTIVE SUMMARY

Business or Product (Legal) Name:
Responsible Manager:

MANAGEMENT COMMITMENTS:

Example 1:

RETURN:	**INVESTMENT ($M)**	**PERFORMANCE:**
NOR: $	**DIR ENG:**	**SPECmarks:**
OP: $	**NPSU:**	**MFLOPs:**
IRR %	**CAP'L:**	**TPC-A:**
PHASE:	**MKTG:**	**OTHER:**
FRS:		

Example 2:

Revenue:
- **Product Revenue**
- **Service Revenue**
- **Other Revenue**
- **Total Revenue**

Major Controllable Expenses:
- **Direct Engineering**
- **Service Expense**
- **Royalty Expense**

Metrics:
- **Operating Profit**
- **Operating Profit % NOR**
- **Time to Profit**
- **Break Even Point**

Description of the business: What makes up this business? And, in one sentence, what is its strategic intent?

Market opportunity: Provide a short description of the specific market opportunity being pursued, as well as the market's size and growth rate. Describe the marketing strategy and identify the specific market goals.

Competition: Briefly identify the major competitors for the product and applicable services and describe how this product will be able to compete effectively with them. Use of comparison graphs or charts is helpful.

Product or program description: Present a brief description of the product or group of products, including significant technology, positioning, and pricing; note dependencies on other products and programs. Discuss significant impact and impingement on other Digital products or programs.

Deliverables: List key deliverables and a schedule for the business, as well as other key metrics (productivity, quality, cost of ownership, reliability, and so forth). What are the specific deliverables for this business over the next 12, 18, and 24 months? How do these support the business strategy?

Risks and issues: List the major risks to achieving the business goals, and the major issues that must be resolved in order to succeed. Include any major or unusual legal and regulatory issues. Discuss the impact on Digital if the product is not developed.

2.4 PROJECT TEAM (Section 2.0 in Business Plan)

List the project team members using the sample form below as a guide, modifying it as appropriate for your team.

FUNCTION	TITLE	NAME	E-MAIL ADDRESS
Team Leader	Product or Program Manager		
Engineering	Engineering Project Manager Program Manager Engineering Manager Designers Field Test/Diagnostics Financial Manager Quality Manager Documentation Manager		
Manufacturing	Manufacturing Project Manager Volume Manufacturing New Product Start-up Manufacturing Finance		
Process Management	Manufacturing Engineering		
Digital Services	Service Product Manager Service Delivery Manager Customer Training Logistics		
Marketing	Product Marketing Groups Industry Marketing Groups Channels Marketing Services Marketing		
Field Sales	Field Sales		
Legal	Product Group/Project Legal Counsel		
Others	(Identify)		

2.5 FUNCTIONAL PLAN DIRECTORY (Section 3.0 in Business Plan)

Provide a list of functional plans that are available (for example, marketing, manufacturing, engineering, services, sales), including the name of the author, the date of publication and any E-mail pointers for getting copies. These functional plans should not be attached to the business plan unless specifically requested by a reviewer.

2.6 BUSINESS PLAN HISTORY (Section 4.0 in Business Plan)

This section should include a brief explanation of *only major* changes made to the plan since the last update. The following example provides a quick snapshot of changes over time in the business plan. Modify it as appropriate for your business and organization.

BUSINESS PLAN HISTORY

Dev Phase	Rev Date	Announce Date	FRS Date	Phase Completion Dates 0	1	2	3	4	5	Life Cycle NOR	Dir Eng	Ave CLP/TC	Total Ships	IRR %	GM %
0	6/88	Q4 FY89	Q1 FY90	6/88	8/88	1/89	4/89	TBD	TBD	30205	1240	20/3.6	1585	109%	75%
1	2/89	Q1 FY90	Q2 FY90		2/89	5/89	8/89	TBD	TBD	16397	1435	18.8/3.7	914	47%	72%
2	8/89	Q1 FY90	Q2 FY90			8/89	9/89	TBD	TBD	16413	1435	18.8/3.0	914	56%	75%
3	These one line summaries reflect key data elements from the phase exit business plan. Previous phase data is maintained as new information is added.														
4															
5															

2.7 MARKET STRATEGY AND COMPETITION (Section 5.0 of Business Plan)

1. Market Opportunity

   Describe the overall market, market segmentation, and the target market for this business. Discuss the customer needs and benefits that provide the opportunity for economic gain to Digital.

   Indicate whether the product will be ahead of the market, on time to market, or behind the market. Indicate the target market size and proposed Digital participation using the following format. Identify only the major competitors.

	($M)				
	This Year	FY	FY	FY	FY
Total market - Geographic split, if available					
Market Penetration - Digital - Competitor #1 - Competitor #2 - Competitor #3					

2. Competition

   Briefly describe the market strategies, strengths, and weaknesses of each of the major competitors, in the time frame of your product's introduction. Discuss them in terms of the specific opportunities and challenges that they offer to Digital. What are the anticipated competitive moves? How will these impact this program? Make sure you include:

   - Their stated strategy and strategic intent
   - Their service strategy
   - Their main (core) competencies
   - Their main product or package moves
   - Their penetration of various segments and goals in each
   - Their business model (for example, Competitor 2 goes after name recognition, rather than profit, as a first priority)
   - Their profitability or operating profit
   - Risks posed to Digital

3. Business Strategy and Success Factors

   - Business Strategy Summary: How does Digital win against the competition in this market? How does Digital differentiate its offering from that of its competitors? Indicate the window of opportunity.
   - Worldwide Market Considerations: List any additional strategies required for success in specific geographies.
   - Marketing Strategy: Describe the marketing strategy. Include the rationale for choosing this particular strategy. Discuss your strategy in terms of target markets: industries, applications, and geographies.
   - Channels Strategy: Describe the channels through which your products will be marketed, sold, delivered, and supported.
   - Strategic Relationships: Identify key applications required for success. Indicate the strategy to leverage third-party vendor systems, tools, and applications. Be specific where third-party relations can have synergistic effects and where they are not beneficial to Digital. Include strategic work with consortia and standards bodies.
   - Discount Strategy: What do you recommend? Why is such a strategy required?

- Platform Strategy: What is the platform strategy (VAX, Alpha AXP, Sun, IBM, ACE, DOS, and so forth) for this business?
- Technology Requirements: Identify specific technology requirements that are key to success in this market.
- Training Requirements: List any training offerings necessary to be competitive in this market.

4. Announcement Plan

   Describe the announcement plan and how it provides notification, both internally and externally, of the upcoming program or product. List business reasons for announcing at the proposed date (for example, integrated announcement, early to hold market, important trade show for maximum impact, product available in volume, and so forth). In addition, for new products, briefly identify the promotion content and schedule.

5. Associated Strategies

   Describe relationships with other key businesses. How is this business coordinated with other businesses?

   Identify the major demands that will be placed on other groups for the successful development, production, quality, and marketing of this business, including engineering, business management, field, support, marketing, and third-party organizations. The business plan should focus on those items that meet *the system as a package* goal, including, for example, attributes related to installability, compatibility, and interoperability with hardware base, peripherals, operating system, other layered components, and general usage patterns. Specific development or implementation items that are consistent with these goals should be called out in the plan.

6. External Benchmarks and Metrics for Success

   On what basis will we know if the business is successful? Financial measures are only part of the story. Consider name recognition, market share, adoption as a standard, and so on. Also include operational metrics such as headcount, capital, productivity (for example, net operating revenue [NOR]/person, margin/person), and quality (central log desks [CLDs] for example).

   Comparisons to key competitors on key benchmarks are appropriate here. For instance:

	Digital	Best-in-Class Competitor	Competitor 1	Competitor 2
Time to market				
Operating profit				
IRR				
ROA				
Time to profit				

2.8 THE PRODUCT (Section 6.0 of Business Plan)

This section should be used for product (software, hardware, service) details. If you are writing a program business plan (a grouping of products in one plan), provide information on each product in this section and program overview information as needed.

Using terms and metrics that are most appropriate to the particular product, provide the following information (note that one may need to provide multiple individual product descriptions for each salable component, for example, package options, or products within a given platform):

1. General Description:

   Provide the product name (spell out acronyms), a summary review of its functionality and what you are proposing to sell, and other brief details that allow a general understanding of the product, its capabilities, and its benefits.

2. Product Positioning:

   Where does the product fit over the course of its lifetime?

   - Include current product-positioning charts illustrating how the product fits in the Digital portfolio and how it compares to the "best-in-class" competition. How will this positioning change with new versions over time? Use metrics appropriate for your business. Examples are average system value (ASV), SPECmarks, price per SPECmark, megaFLOPS (MFLOPs), data transfer rate, and transactions per second (TPS). Include the competitor's price and net price to its largest reseller, comparing these to the MLP and discount level of your product.
   - Identify the customer values that account for any significant price differences shown in these positioning charts.

3. Cost of Ownership (non-discounted):

   Describe the product cost of ownership, including hardware, software, services, and any other factors appropriate.

   - Show the competitive position of this product on a 5-year Cash Outlay (non-discounted) basis.
   - Hardware entry is in NOR; exclude warranty. Software entry is in NOR of paid-up licenses. Total Product NOR is divided by units shipped .
   - Service entry is the standard warranty + hardware product services (HPS) + software product services (SPS) + other service revenue. If standard warranty is not offered, state how you are calculating the service entry and why. State whether Field Value Service Pricing is included and if so, display separately under Service column. Indicate the period of time covered (usually five years).
   - "Other" entry should state what is included: customer's internal cost of operations, application, S/W development, network planning, conversion, and training. Indicate the period of time covered (usually five years).

	Product Total	Hardware	Software	Services	Other
This Product:	$	$	$	$	$
Other Digital Products:					
1:	$	$	$	$	$
2:	$	$	$	$	$
Competing Products:					
1:	$	$	$	$	$
2:	$	$	$	$	$

4. Packaging:

   Describe the packaging recommendation for this product. Explain any possible issues with the package relative to its position in the Digital portfolio as well as against competition.

5. Licensing:

   Describe the product licensing recommendation. Explain any possible issues of using this particular license scheme in relation to the business practices of Digital and its competition.

6. Product Configurations and Pricing:

   Identify the major considerations, assumptions, or constraints that determined the product pricing. For system products, list the major component configurations that will be offered; for component products, list the systems that will be the primary hosts. Indicate the manufacturer's list price (MLP) of the major configurations. Software products should refer to current standard price tiers or per-user pricing as appropriate. Provide business reasons for nonstandard prices. Describe how pricing will change over the lifetime of the product.

   When pricing a package, compare package pricing with sum of the pieces (SOP) prices and comment on any differences. That is, state if the price is SOP, less than SOP, or greater than SOP. Include the MLP as applicable.

   Indicate any differences in your pricing strategy for providing competitive pricing in low-end segments versus mid- or high-end segments.

   Indicate if product is to be placed on the Government Services Agengy (GSA) schedule by the Government Systems Group (GSG).

7. Substitution and Replacement Considerations:

   If this is a replacement product, what is your migration strategy? What will replace this product? When?

8. Service Delivery Strategy:

   Define the service delivery model that applies to this product. For example: terminals, desktop, mid/low end system, high end system, or other. Define any new or unique service delivery elements or models that may be required.

9. Make/Buy Considerations:

Summarize the make/buy product decision.

10. Risks and Open Issues:

- Examine the major assumptions on which the success of the program or product is based. These key assumptions must come true if the plan's market and financial projections are to be achieved. Describe the plan to manage or resolve each risk/issue.
- List the key risks to the financial success of this product. What plans are there for avoiding these risks? Use the form below if it is helpful in communicating the risk situation for your product.

	Risk Assessment*	Major Dependency (List)	Risk Management
Financial			
Technology			
Engineering			
Manufacturing			
Service			
Marketing			
Sales			
Support			
Training			
Business			
Legal			
Other (explain)			

* Risk assessment rank: L=low, M=medium, H=high.

- List risks and dependencies associated with the availability of third-party hardware and software that must be resolved if the business is to be successful. What is the plan to resolve these issues?
- Describe any major or unusual legal and regulatory issues with the program or product or associated business practices and strategies.
- Describe any significant risks of impingement on other programs or products within Digital, including third-party relationships. Note any position statements that describe any differences in packaging, licensing, pricing, and geography coverage. Indicate where volume forecasts are not agreed upon by the Field, Geographies, or Marketing.
- List risks in not achieving consistent installation, compatibility, or interoperability with existing platforms or components.
- Discuss any other major open issues that must be resolved if the program or product is to be successful.

2.9 FINANCIAL PROJECTIONS (Section 7.0 of Business Plan)

Discuss the key business and financial points that provide the greatest insight into the program or product's projected financial performance and viability.

1. Summary of Financial Analysis:

   Include comparison to the competitive model and plan of record, and description of major issues and findings. May include explanation of major financial statement profit/loss (P&L) lines (for example, Channel Management Cost and Internal Training Cost). Note that comparison to a competitive model for software is based on the complete line of business.

2. Financial Assumptions:

   This section should highlight the major assumptions used to prepare summaries. See Figure A-1 (Appendix A) for a suggested table. Specifically discuss the methodology used for developing any volume or revenue projections and life span of the product. Identify sources of data and major assumptions that underlie the volumes. The goal is to be concise and complete.

3. Standard, One-Page Financial Summary:

   Insert the summaries that are appropriate for your product or program (see samples in Appendix A). Formats are offered for programs, systems, components, hardware and software, and service products. Third-party products may require some variation in the examples offered in the appendix. Include all financial information necessary to facilitate an evaluation of these third-party products. Please note that P&L requirements may change over time.

   All revenues and expenditures associated with the proposed product, from its inception to its end-of-life and end-of-service commitment, should be included. For a software *product*, this would be limited to the current version in development, plus future versions for a time span not greater than five years. For a software *program*, the P&L time frame should be for the current year forward, for a time span not greater than five years.

   Use these formats as a guide. Include expenses, revenue, and metrics appropriate to your business; vertical and horizontal rules are not necessary.

4. Channel and Platform Mix:

   List revenue projections by channel. Also list revenue projections by platform (for example, Alpha AXP OSF, Sun, MacIntosh), as appropriate.

5. Geographic Mix:

   List the revenue projections by geography.

6. Sensitivity or Scenario Analysis:

   Sensitivity analysis may be done on significant revenue and cost elements of the P&L, such as price, volume, transfer cost, royalties, third party payments, and first revenue ship (FRS) date. It is up to the individual organization to determine the combinations that should be modeled, and whether or not this analysis provides added value for review purposes.

7. Other Information:

   Discuss any other information you feel is necessary to describe your business goals and intentions. Examples might include strategy tradeoffs, other alternatives, forecasts/sales of related products, break even points, other dependencies being worked, and a list of key people who have already reviewed the plan.

2.10 REQUIREMENTS FOR END-OF-LIFE (EOL) (Section 8.0 of Business Plan)

NOTE

Refer to *DEC STD 028-1 Corporate Product Phase Down Policy* for more information.

The EOL business plan should focus on three areas:

1. Why should the product be phased down at this time?
2. How well did the product perform compared to plan?
3. What are the major lessons learned as a result of this investment?

The EOL business plan should be clear, to the point, and less than 10 pages long.

Throughout the product life cycle, the product manager is constantly testing and reviewing progress against the business plan to ensure the success, quality, timeliness, and profitability of the product.

EOL operational strategies and plans on assets, migration, pricing, support, and services should be documented in the Product Phase Down Plan (see *A Product Manager's Guide to Managing the Business*, FW-PMHY1-A8.).

The key information that should be in the EOL business plan is outlined below.

1. Justification for Phase-Down

   Discuss the reasons for phasing down the product; for example, the replacement product is ready, declining volumes no longer support the asset base, product no longer competitive, and so on. Clearly state whether or not the geography and, for component products, the affected systems business units concur with the phase-down timing.

2. Financial Performance versus Plan

   Summarize the performance of the product versus the plan of record commitments (usually found in the Phase 1 business plan). Use the following format as a guideline for the financial comparison. For systems products, the financials should be for initial systems sales only. For components, the financials should be for product sales only.

	Current Projections	Phase 1 Plan	Variance
UNITS			
NOR			
GROSS MARGIN $			
GROSS MARGIN %NOR			
OPERATING PROFIT $			
OPERATING PROFIT %NOR			
IRR %			
*ENGINEERING $			
CAPITAL $			
NPSU $			

*Systems engineering for systems products; component engineering for component products.

Explain all dollar variances greater than 20%, and all percent variances greater than five points.

3. Technical Performance versus Plan

   Provide a summary of technical, reliability, and serviceability performance metrics compared to the plans of record.

4. Major Lessons Learned

   What learning took place through the revenue portion of the business life cycle that should be shared with others? What went well, and what could have been done differently?

APPENDIX A FINANCIAL SUMMARIES

Figure A–1: Major Financial Assumptions for Programs or Products

PROGRAM or PRODUCT

% OF GMLP
CHNL MIX
REV TRN RATE
UPLIFT RATE
DISCNT RATE
ALLOW RATE

% OF NOR
FIELD COST

DSO DAYS

	U.S.			EUROPE			GIA			W/W		
CATEGORY	DIR	IND	TOT	DIR	IND	TOT	DIR	IND	TOT	DIR	IND	TOT
GEO MIX	–	–	%	–	–	%	–	–	%	–	–	–

LINE ITEM	RATE USED*	SOURCE
TFR COST		
BUSINESS CENTER		
NPSU		
STD AMORT/VAR		
PROVISIONS		
OTHER PERIOD		
FCO EXPENSE		
OTHER DIRECT		
MKT GROUP		
DIRECT ENG		
COMPONENT ENG		
ALLOCATED ENG		
MFG PROJECTS		
CORP G&A		
TAXES		
MFG INVENTORY		
OTHER INVENTORY		
MFG PP&E		
OTHER PP&E		
MISC ASSETS		
LIABILITIES		
ROYALTY EXPENSE		
SERVICE EXPENSE		

NOTES: DIR = END USER CHANNELS
IND = VOLUME/RESELLER CHANNELS
*E.G., %MLP, %NOR, %TC FOR VARIABLE COSTS; $M FOR FIXED COSTS

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Figure A–2: One-page Business Plan Financial Summary: System Product

		Date
Product Name	Organization	Current Phase or Phase Exit
Product Manager	DTN	FRS Date
Product Description		

($ MILLIONS)	INITIAL SYSTEM SALES (ISS)						LIFETIME TOTALS				
	ALL PRIOR YEARS	FY	FY	FY	FY	FY	TOTAL ISS	ADD–ONS	TOT PROD	SER–VICE	TOTAL BUSI–NESS
UNITS SHIPPED (#)											
GRS MLP $											
NOR $											
GROSS MARGIN %NOR											
OPERATION PROFIT $											
OPER PROFIT % NOR											
IRR %	XXXXX	XXXX	XXXX	XXXX	XXXX	XXXX		XXXX		XXXX	XXXXX
ROA %											

								TOTAL
SYS DIR ENG								
SYS IND ENG								
TOTAL SYS ENG								
COMP/ALLOC ENG								
TOTAL ENG SPEND								
MFG EXP (NPSU)								
CAPITAL EXPEND								
OTHER PP&E								
OTHER ASSETS (NET)								
TOTAL ASSETS								

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Figure A–3: One-Page Business Plan Financial Summary: Component Hardware Product

		Date
Product Name	Organization	Current Phase or Phase Exit
Product Manager	DTN	FRS Date
Product Description		

($ MILLIONS)	PRODUCT SALES							LIFETIME TOTALS			
	ALL PRIOR YEARS	FY	FY	FY	FY	FY	FY	ALL FUTURE YEARS	PRODUCT SALES	SERVICE	GRAND TOTAL
UNITS SHIPPED (#)										XXXXXXX	XXXXXXX
GRS MLP $										XXXXXXX	
NOR $											
GROSS MARGIN %NOR											
OPERATION PROFIT $											
OPER PROFIT % NOR											
IRR %	XXXXX	XXX	XXX	XXX	XXX	XXX	XXX	XXXXXX		XXXXXXX	
ROA %											

									TOTAL
COMP DIRECT ENG									
COMP INDIRECT ENG									
TOTAL COMP ENG									
ALLOC ENG SPEND									
TOTAL ENG SPEND									
MFG EXP (NPSU)									
CAPITAL EXPEND									
OTHER PP&E									
OTHER ASSETS (NET)									
TOTAL ASSETS									

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Figure A–4: One-Page Business Plan Financial Summary: Software Product or Program

								Date		
Product/Program Name					Organization					
Product/Program Manager					DTN					
Product/Program Description										
($ MILLIONS)	PRODUCT AND SERVICES							TOTALS		
	FY*	FY	FY	FY	FY	FY	FY	PRODUCT	SERVICE	GRAND TOTAL
UNITS										
LICENSE/KIT MLP									XXXXXXX	
UPLIFT									XXXXXXX	
DISCOUNTS/ALLOW									XXXXXXX	
LICENSE/KIT NOR									XXXXXXX	
SPS NOR										
OTHER SERVICE NOR										
TOTAL NOR										
MANUFACTURING EXP										
ROYALTY EXPENSE										
ENGINEERING EXP										
ALLOC ENGINEERING										
TOTAL ENGINEERING										
SELLING EXPENSE										
MARKETING EXP										
CORPORATE EXP										
SERVICE EXPENSE										
TOTAL EXPENSE										
OP BEFORE TAX										
OP AFTER TAX										
OPER PROFIT %										
IRR										
NPV										

The owner of a program plan may choose to do product P&Ls by using a subset of the program lines, for example, license, kit and SPS revenue, and directly controllable expenses only.

* Use Current Version Prior Years as the first column for Product P&Ls; use the current Fiscal Year as the first column for Program P&Ls.

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Figure A–5: One-Page Business Plan Financial Summary: Hardware/Software Product Services

5 YEAR REVENUE AND EXPENSE PROFILE PROJECTIONS WITH AREA SPLITS

AREA SPLITS: US xx% EUROPE xx% GIA xx%

	PROD #1 NAME		PROD #2 NAME		TOTAL		TOTAL
Service Revenue	HPS	SPS	HPS	SPS	HPS	SPS	

	Per Unit	TOTAL
NOR ($M)		
Labor Costs		
Material Costs		
Margin $		

Margin %

SCU Margin % Goal

Installation $

Warranty $

Contract $

Warranty Pen %

Contract Pen %

Renewal Rate %

Break Even Quarter

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APPENDIX B REFERENCED DOCUMENTS

B.1 EL-Class Digital Documents

EL-Class Number	Document Title
EL-00028-00	*DEC STD 028-0 Phase Review Policy*
EL-00028-01	*DEC STD 028-1 Corporate Product Phase Down Policy*
EL-00128-00	*DEC STD 128-0 Security Classifications for Engineering Intellectual Property — Policy and Regulations*

Use VTX SMC to order copies of EL-class documents from Standards and Methods Control. Send distribution questions to JOKUR::SMC or call DTN: 234-4423.

B.2 Other Digital Documents

Document Number	Document Title
FW-PMHY1-A8	*A Product Manager's Guide to Managing the Business*

Copies of this document may be obtained from the Demand Print Group, DTN 241-4809, LVS::ORDER.

GLOSSARY

ASV: Average System Value

CLD: Central Log Desk - through which customers can register product complaints

CHNL: Channel

DIR. ENG.: Direct Engineering expenses

DSO: (Number of) Days Sales Outstanding

FCO: Field Change Order

FRS: First Revenue Ship

GMLP: Gross MLP revenue

GSA: Government Services Agency

GSG: Government Systems Group

G&A: General and Administrative costs

GRS: Gross

HPS: Hardware Product Services

IRR: Internal Rate of Return

MFLOP: MegaFLOP (Floating Point Operations)

MLP: Maynard/Manufacturing List Price

NMS: New Management System

NOR: Net Operating Revenue

NPSU: New Product Startup costs

NPV: Net Present Value

OP: Operating Profit

PMC: Product Management Committee

PP&E: Property, Plant and Equipment

ROA: Return on Assets

REV TRN RATE: Revenue Transfer Rate

SCU: Service Creation Unit

SOP: Sum of the Pieces

SPS: Software Product Services

TC: Transfer Cost

TFR: Transfer

TPS: Transactions per Second

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